



## New Economic Policy

To read Lenin's writings and speeches on the "New Economic Policy" (NEP) is to discover a process of comprehensive unpacking and assessment, of factors and variables that are quite similar to those in play in South Africa at the present time.

The NEP followed after the "War Communism" that had been in effect during the Civil War in Russia, after the Great October Revolution of 1917. [Picture: Lenin in Red Square, Moscow, 25 May 1919]. The NEP followed on from "the struggle", as it were.

The NEP was not a substitute for big-scale, planned industrial development. Early in today's main document, "The Tax in

Kind” (1921) (**attached**), Lenin emphasises:

*“Socialism is inconceivable without large-scale capitalist engineering based on the latest discoveries of modern science. It is inconceivable without planned state organisation which keeps tens of millions of people to the strictest observance of a unified standard in production and distribution... At the same time socialism is inconceivable unless the proletariat is the ruler of the state.”*

Later, he sums up:

*“The tax in kind is a transition from War Communism to a regular socialist exchange of products. The extreme ruin rendered more acute by the crop failure in 1920 has made this transition urgently necessary owing to the fact that it was impossible to restore large-scale industry rapidly. Hence, the first thing to do is to improve the condition of the peasants. The means are the tax in kind, the development of exchange between agriculture and industry, and the development of small industry. Exchange is freedom of trade; it is capitalism.”*

The whole document is worth reading and re-reading. Note that the actual “tax in kind” is not particularly prominent in the text. The sub-title, “The Significance of the New Policy and its Conditions” is more apt.

The actual “tax in kind” policy meant that peasants in

particular had the option to pay tax in the form of produce, not cash, after which they were free to sell any additional produce they had on the open market. The tax in kind was a component within the overall scheme of the NEP, which in total amounted to a revival of small-scale market-capitalist production.

It is clear that what Lenin is doing is ordering priorities and synthesising all of the factors that were in play. There is no crude dichotomy here that would cancel out the small-scale producers in favour of the larger ones. On the contrary, the “development of exchange” between small and large is seen by Lenin as the “means”, both to improve the condition of the peasants, and to restore large-scale industry rapidly.

In the Soviet Union, a false dichotomy did subsequently develop between the small and the large, and it may have weakened that country and helped to set it up for the collapse that occurred in the 1990s.

In China, on the contrary, the most scrupulous attention was paid to those peasants and petty-bourgeois who formed the (once-overwhelming and still-existing) majority of the population; but not at the expense of large-scale industrial planning and development. China has survived, and prospered.

Are these things separate? Are they contradictory? Or are they one?

There is in fact no choice. We must have it all: both large and small. We must also recognise the inter-relationship between the small-scale enterprises, that can activate large masses of our people, and the large-scale enterprises, that need the same people as providers of goods and services, and as a market.

Industrial Strategy and Rural Development must be a unity.

- The above is to introduce the original reading-texts: [The Tax in Kind, Lenin, 1921.](#)
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